

<b>Office Action Summary</b>	<b>Application No.</b> 10/784,719	<b>Applicant(s)</b> SCHOEN ET AL.	
	<b>Examiner</b> Susanna M. Diaz	<b>Art Unit</b> 3684	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 02 August 2010 and 27 August 2010.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-171 is/are pending in the application.
- 4a) Of the above claim(s) See Continuation Sheet is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-5,35-43,48,51,52,57-65,70-85,115-123,128,131,132,137-145,150-162 and 166 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |  |
|--|--|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input checked="" type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. <u>20101122</u> .                           |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application  |
| Paper No(s)/Mail Date _____.   | 6) <input type="checkbox"/> Other: _____.                          |

Continuation of Disposition of Claims: Claims withdrawn from consideration are 1,6-34,44-47,49,50,53-56,66-69,86-114,124-127,129-130,133-136,146-149,163-165,167-171.

### **DETAILED ACTION**

1. This final Office action is responsive to Applicant's arguments filed August 2, 2010 and the corrected claim amendment filed August 27, 2010.

Claims 6-34, 44-47, 49-50, 53-56, 66-69, 86-114, 124-127, 129-130, 133-136, 146-149, 163-165, and 167-171 stand as non-elected claims and are therefore withdrawn from consideration.

Claims 1-5, 35-43, 48, 51, 52, 57-65, 70-85, 115-123, 128, 131, 132, 137-145, 150-162, and 166 have been elected and are examined below.

### ***Response to Arguments***

2. Applicant's arguments filed August 2, 2010 have been fully considered but they are not persuasive.

Applicant states that "it is respectfully submitted that the claim elements have not been shown in the cited art. Representatively, and of particular note, in view of the above-provided amendment to the independent claims, is the rejection of claim 61." (Page 26 of Applicant's response) The Examiner respectfully disagrees that claim 61 is exemplary of the subject matter in the independent claims. Claim 61 is dependent from claim 60, which in turn is dependent from claim 1. If claim 61 were exemplary of claim 1, for example, it would be an improper dependent claim for failure to further limit claim 1. Furthermore, claim 61 defines terms that are only stored as terms of an agreement. They're not necessarily the applied rules from claim 1 nor are the terms of the agreement themselves necessarily applied within the scope of the claim (thereby

rendering the terms of the agreement potential non-functional descriptive material). Only in the current amendment does claim 1 limit the applied rules to “rules including a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation.” This newly amended limitation is addressed in the art rejection below.

Regarding the rejection of claim 36, Applicant argues, “First, reliance on this case law is improper: *Gulak* [sic], *Lowery*, and *Ngai* pertain to 35 U.S.C. Sec. 101; none of these cases are Sec. 102 decisions...This is an error of law...” (Page 27 of Applicant's response) The Examiner points out that a § 102 rejection based at least in part on non-functional descriptive material was affirmed in *In re Ngai*. “The Board agreed with the Examiner that prior art anticipates claim 19 because it teaches each and every limitation of the claim including instructions and a buffer agent. The Board concluded that the only difference between the prior art and claim 19 is the *content* of the instructions. Finding that the content of the instructions was not “functionally related” to the kit, the Board concluded that claim 19 should be rejected as anticipated by prior art.” (*In re Ngai*, 367 F.3d 1336, 1336, 70 USPQ2d 1862, 1863-64 (Fed. Cir. 2004)) The U.S. Court of Appeals, Federal Circuit affirmed the Board's decision on the § 102 rejection.

All claim amendments are addressed in greater detail in below.

### ***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

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(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-5, 35, 40-42, 57-65, 70-85, 115, 120-122, 137-145, 150-162, and 166 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al. (U.S. Patent No. 6,119,093) in view of McCord et al. ("Partnerships: If There's a Beginning...There's an End." *The National Public Accountant*, vol. 37, no. 4, page 18, April 1992).

Walker discloses a computer-aided method of determining participation in a pool, the method including the steps of:

[Claim 1] forming a pool to handle a monetary obligation that is a financial liability over a period of time (col. 1, lines 14-24 – "In an insurance syndicate, a group of individual investors each pledge to insure against a portion of the risk specified in one or more insurance policies, in return for a share of the premiums."; col. 13, lines 35-39 – "If the policy is in syndication with existing investors (that is, there are investors to whom a portion of the premium should be paid), the central controller **201** queries the investor (by policy) database **340** for the corresponding investor identification (step **1308**)."; col. 14, lines 1-7);

storing, in a computer system, rules for member participation in the pool (col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. "If at any time the

cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.”

This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). The terms of the policy are part of the contract information and this information is maintained by the syndication central server, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, and col. 12, lines 22-49.); and

applying the rules, with the computer system, to carry out the step of determining the participation within the period of time (col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate).).

Regarding claim 1, Walker does not explicitly disclose that the applied rules include “a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation.” McCord discusses the dissolution of a partnership. McCord explains:

Partnership dissolution will eventually arise because one or more partners becomes deceased, is coerced to withdraw by other partners or may simply desire to end the partnership for personal reasons. At dissolution, the partnership may be fully liquidated, may be sold to other investors or may be continued as a new partnership including remaining partners, with or without new partners.

If assets are liquidated, the proceeds are generally used to retire debt and the balance (equity) is distributed among partners. If the partnership is sold to other investors, the proceeds from the sale are distributed to partners because new investors usually take over existing debt. (McCord: page 18, column 2 through page 19, column 1)

McCord's describes partnerships as being formed of partners who share in ownership of the debt and equity of the partnership. This is analogous to Walker's insurance syndicate in which members of the syndicate pool their financial resources together in case an insurance policy needs to be paid out (while reaping the benefit of income from related insurance premiums). Walker also describes the scenario in which a pool member (investor) cancels his/her credit card that was providing a credit line toward the pool's investment. In such a situation, the investor's stake in the policy may be cancelled by the syndication service (Walker: col. 5, line 9 through col. 6, line 4). Walker does not get into details of how the potential insurance obligation of the pool is paid out when an investor drops out of the pool; however, such an obligation must be covered somehow. There would be a finite number of available solutions to cover this obligation. Assuming that a financial obligation must be covered by a pool of investors, if one investor contributing a certain portion of the financial obligation drops out of the pool, this lost financial portion must be compensated for somehow. For example, if a

pool of investors invests in an insurance pool that promises to pay out \$1 million and one investor in the pool who promises \$100,000 toward the potential insurance payout drops out of the pool, this means that the \$100,000 portion of the obligation needs to be raised somehow. The insurance syndicate is effectively a partnership. Similarly, McCord's partners (in a partnership) are effectively investors in the partnership. As stated by McCord, if one partner leaves the partnership, other (new) investors brought into the partnership or the remaining partners may take over the remaining share of debt. Both Walker and McCord are directed toward handling debt by a pool of investors (or partners). The Examiner submits that it would have been obvious to one of ordinary skill in the financial art at the time of Applicant's invention to modify Walker to address the issue of loss of a pool participant in accordance with "a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation" in order to help assure that the obligations of the pool will continue to be met by the pool as a whole.

Walker discloses:

[Claim 2] wherein the determining includes changing membership in the pool (col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. "If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately."



This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). Joining a syndicate or canceling an investor's membership in the syndicate is a change of membership in the pool.).

Regarding claim 2, Walker does not explicitly disclose that the applied rules include "at least one rule to appoint at least one new member to replace a member leaving the pool, whereby the determining includes changing membership in the pool." McCord discusses the dissolution of a partnership. McCord explains:

Partnership dissolution will eventually arise because one or more partners becomes deceased, is coerced to withdraw by other partners or may simply desire to end the partnership for personal reasons. At dissolution, the partnership may be fully liquidated, may be sold to other investors or may be continued as a new partnership including remaining partners, with or without new partners.

If assets are liquidated, the proceeds are generally used to retire debt and the balance (equity) is distributed among partners. If the partnership is sold to other investors, the proceeds from the sale are distributed to partners because new investors usually take over existing debt. (McCord: page 18, column 2 through page 19, column 1)

McCord's describes partnerships as being formed of partners who share in ownership of the debt and equity of the partnership. This is analogous to Walker's insurance syndicate in which members of the syndicate pool their financial resources together in case an insurance policy needs to be paid out (while reaping the benefit of income from related insurance premiums). Walker also describes the scenario in which a pool

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member (investor) cancels his/her credit card that was providing a credit line toward the pool's investment. In such a situation, the investor's stake in the policy may be cancelled by the syndication service (Walker: col. 5, line 9 through col. 6, line 4).

Walker does not get into details of how the potential insurance obligation of the pool is paid out when an investor drops out of the pool; however, such an obligation must be covered somehow. There would be a finite number of available solutions to cover this obligation. Assuming that a financial obligation must be covered by a pool of investors, if one investor contributing a certain portion of the financial obligation drops out of the pool, this lost financial portion must be compensated for somehow. For example, if a pool of investors invests in an insurance pool that promises to pay out \$1 million and one investor in the pool who promises \$100,000 toward the potential insurance payout drops out of the pool, this means that the \$100,000 portion of the obligation needs to be raised somehow. The insurance syndicate is effectively a partnership. Similarly, McCord's partners (in a partnership) are effectively investors in the partnership. As stated by McCord, if one partner leaves the partnership, other (new) investors brought into the partnership or the remaining partners may take over the remaining share of debt. Both Walker and McCord are directed toward handling debt by a pool of investors (or partners). The Examiner submits that it would have been obvious to one of ordinary skill in the financial art at the time of Applicant's invention to modify Walker to address the issue of loss of a pool participant in accordance with "at least one rule to appoint at least one new member to replace a member leaving the pool, whereby the determining

includes changing membership in the pool" in order to help assure that the obligations of the pool will continue to be met by the pool as a whole.

Walker discloses:

[Claim 3] wherein the determining includes changing responsibility for the financial liability of a member of the pool (col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). Joining a syndicate or canceling an investor's membership in the syndicate is a change of membership in the pool, which alters the particular investor's financial liability.);

[Claim 4] wherein the determining includes changing responsibility for the financial liability of the pool (col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool

(syndicate). Joining a syndicate or canceling an investor's membership in the syndicate is a change of membership in the pool, which alters the particular investor's financial liability.);

[Claim 5] wherein the financial liability is associated in the computer system with a financial product (abstract -- The syndicate is formed to fund the financial liability of an insurance policy, which is a type of financial product.);

[Claim 35] wherein the rules include at least one requirement regarding a credit rating of one of the members of the pool (col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). The terms of the policy are part of the contract information and this information is maintained by the syndication central server, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, and col. 12, lines 22-49.);

[Claim 40] computing, with said computer system, an adjustment of said at least one requirement according to a criterion (col. 8, lines 36-65, col. 12, lines 50-59, col. 14, lines 25-36 – The terms agreed to by all involved parties determine how much risk each investor is willing to accept and thus potentially fund via a credit freeze. The investment amount/percentage varies based on each policy and specific terms agreed to; col. 5,

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lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). The terms of the policy are part of the contract information and this information is maintained by the syndication central server, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, and col. 12, lines 22-49. It is noted that claim 40 is dependent from either of claims 35-39. The current analysis addresses the option where claim 40 is interpreted as being dependent from claim 35);

[Claim 41] wherein the determining is responsive, at least in part, to an event (col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). A request to join a syndicate or a cancellation of an investor’s membership in the syndicate is a type of event.);

[Claim 42] computing, with said computer system, an adjustment of said at least one requirement according a formula (col. 8, lines 36-65, col. 12, lines 50-59, col. 14, lines

25-36 – The terms agreed to by all involved parties determine how much risk each investor is willing to accept and thus potentially fund via a credit freeze. The investment amount/percentage varies based on each policy and specific terms agreed to.

Determining a percentage or amount corresponding to a risk share implies a formula;

col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.”

This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). The terms of the policy are part of the contract information and this information is maintained by the syndication central server, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, and col. 12, lines 22-49. It is noted that claim 40 is dependent from either of claims 35-39. The current analysis addresses the option where claim 40 is interpreted as being dependent from claim 35);

[Claim 57] storing, in the computer system, a profit limitation for the members of the pool (col. 14, lines 19-36 – The premiums define profit limitations; Walker stores various policy-related information, including syndicate requirements and terms, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, and col. 12, lines 22-49.);

[Claim 58] wherein the profit limitation is determined by a mathematical formula (col. 14, lines 19-36 – The premiums define profit limitations. Calculation of percentage implies use of a formula.);

[Claim 59] wherein the step of storing comprises storing a formula of relative positions of the members of the pool with regard to their shares of risk and revenue (col. 8, lines 36-65, col. 12, lines 50-59, col. 14, lines 25-36 – The terms agreed to by all involved parties determine how much risk each investor is willing to accept and thus potentially fund via a credit freeze. The investment amount/percentage varies based on each policy and specific terms agreed to. Determining a percentage or amount corresponding to a risk share implies a formula);

[Claim 60] wherein the step of storing in a computer, rules for participation in the pool includes storing terms of an agreement, along with respective shares of risk and revenue for the members of the pool, under certain triggering future events (Walker stores various policy-related information, including syndicate requirements, risk and revenue, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, col. 12, lines 22-49, and col. 13, line 35 through col. 14, line 45);

[Claim 61] wherein one of said terms governs appointing a replacement pool member (col. 4, line 47 through col. 5, line 43 – The phrase “replacement” is just an identifier for the pool member and imparts no functionality or structurally limiting scope. Furthermore, an investor that applies to join a syndicate is effectively serving to replace

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some of the risk previously carried by the insurance company. In this sense, a new investor may be seen as a “replacement” pool member);

[Claim 62] wherein one of said terms governs adding a new slot to accommodate a new pool member (col. 4, line 47 through col. 5, line 43);

[Claim 63] wherein one of said terms governs adding a new slot to accommodate a new pool member in response to the aggregate business written (col. 4, line 47 through col. 5, line 43; col. 14, lines 26-45);

[Claim 64] further including the step of monitoring, with said computer system, compliance with the terms of the agreement (col. 8, lines 36-65, col. 12, lines 50-59, col. 14, lines 25-36 – The terms agreed to by all involved parties determine how much risk each investor is willing to accept and thus potentially fund via a credit freeze. The investment amount/percentage varies based on each policy and specific terms agreed to. Determining a percentage or amount corresponding to a risk share implies a formula; col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). The terms of the policy are part of the contract information and this



information is maintained by the syndication central server, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, and col. 12, lines 22-49.);

[Claim 65] wherein the monitoring is response, in part, to input reports from each pool member (col. 8, lines 36-65, col. 12, lines 50-59, col. 14, lines 25-36 – The terms agreed to by all involved parties determine how much risk each investor is willing to accept and thus potentially fund via a credit freeze. The investment amount/percentage varies based on each policy and specific terms agreed to, based at least in part on input reports from each pool member. Determining a percentage or amount corresponding to a risk share implies a formula; col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). The terms of the policy are part of the contract information and this information is maintained by the syndication central server, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, and col. 12, lines 22-49.);

[Claim 70] further including the step of signaling, with said computer system, to enforce the agreement (col. 8, lines 36-65, col. 12, lines 50-59, col. 14, lines 25-36 – The terms agreed to by all involved parties determine how much risk each investor is willing to accept and thus potentially fund via a credit freeze. The investment amount/percentage varies based on each policy and specific terms agreed to.

Determining a percentage or amount corresponding to a risk share implies a formula;  
col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). The terms of the policy are part of the contract information and this information is maintained by the syndication central server, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, and col. 12, lines 22-49.);

[Claim 71] wherein the step of determining the participation is according to a pre-specified criterion (col. 8, lines 36-65, col. 12, lines 50-59, col. 14, lines 25-36 – The terms agreed to by all involved parties determine how much risk each investor is willing to accept and thus potentially fund via a credit freeze. The investment amount/percentage varies based on each policy and specific terms agreed to.

Determining a percentage or amount corresponding to a risk share implies a formula;  
col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). The terms of the policy

are part of the contract information and this information is maintained by the syndication central server, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, and col. 12, lines 22-49.);

[Claim 72] wherein the step of determining is carried out periodically (col. 5, lines 13-35);

[Claim 73] wherein the step of determining the participation is according to a formula (col. 8, lines 36-65, col. 12, lines 50-59, col. 14, lines 25-36 – The terms agreed to by all involved parties determine how much risk each investor is willing to accept and thus potentially fund via a credit freeze. The investment amount/percentage varies based on each policy and specific terms agreed to. Determining a percentage or amount corresponding to a risk share implies a formula; col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate). The terms of the policy are part of the contract information and this information is maintained by the syndication central server, as seen in col. 4, line 47 through col. 5, line 43, col. 6, line 59 through col. 7, line 6, and col. 12, lines 22-49.);

[Claim 74] further including the step of notifying, with the computer system, at least one of the members of the pool regarding a change in the participation (col. 13, line 53 through col. 14, line 18 – When an insurance claim is submitted for a payout from a syndicated insurance policy, the members of the syndicate will effectively change from investors receiving premium shares to investors contributing to an insurance payout through their lines of credit, thereby ending participation in the syndicate);

[Claim 75] further including the step of notifying, with the computer system, at least one of the members of the pool regarding an imminent change in the participation (col. 13, line 53 through col. 14, line 18 – When an insurance claim is submitted for a payout from a syndicated insurance policy, the members of the syndicate will effectively change from investors receiving premium shares to investors contributing to an insurance payout through their lines of credit, thereby ending participation in the syndicate);

[Claim 76] further including the step of producing a notice of a change in the participation of at least one of the members of the pool (col. 13, line 53 through col. 14, line 18 – When an insurance claim is submitted for a payout from a syndicated insurance policy, the members of the syndicate will effectively change from investors receiving premium shares to investors contributing to an insurance payout through their lines of credit, thereby ending participation in the syndicate);

[Claim 77] further including the step of automatically tracking, with said computer system, any pool financial liability (col. 13, line 53 through col. 14, line 18);

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[Claim 78] further including the step of forecasting, with said computer system, future costs of the pool (col. 5, lines 1-65; col. 7, lines 7-34; col. 8, lines 36-65; col. 13, line 53 through col. 14, line 36);

[Claim 79] further including the step of calculating, with said computer system, a price charged by the pool (col. 13, line 53 through col. 14, line 36);

[Claim 80] further including the step of automatically testing a price corresponding to the pool (col. 5, lines 1-65; col. 7, lines 7-34; col. 8, lines 36-65; col. 13, line 53 through col. 14, line 36);

[Claim 162] wherein the event is a change in a credit rating (col. 8, lines 36-65, col. 12, lines 50-59, col. 14, lines 25-36 – The terms agreed to by all involved parties determine how much risk each investor is willing to accept and thus potentially fund via a credit freeze. The investment amount/percentage varies based on each policy and specific terms agreed to; col. 5, lines 9-43 – The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. “If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.” This means that the investor must comply with the required frozen credit line rules in order to qualify for member participation in the pool (syndicate).).

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[Claims 81-85, 115, 120-122, 137-145, 150-160, 166] Claims 81-85, 115, 120-122, 137-145, 150-160, and 166 recite limitations already addressed by the rejections of claims 1-5, 35, 40-42, 57-65, 70-80, and 162 above; therefore, the same rejections apply.

Furthermore, Walker discloses a processor, input device, output device, and memory (Figs. 1, 2, 4, 7).

[Claim 161] Claim 161 recites limitations already addressed by the rejection of claims 1 and 2 above; therefore, the same rejections apply.

Furthermore, Walker discloses a processor, input device, output device, and memory (Figs. 1, 2, 4, 7).

5. Claims 36-39, 43, 48, 52, 116-119, 123, 128, and 132 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al. (U.S. Patent No. 6,119,093) in view of McCord et al. ("Partnerships: If There's a Beginning...There's an End." *The National Public Accountant*, vol. 37, no. 4, page 18, April 1992"), as applied to claims 1 and 81 above, and further in view of King et al. (U.S. Patent No. 5,704,045).

[Claim 36] Walker does not explicitly disclose wherein the rules include at least one requirement regarding collateral status of at least one of the members of the pool. King discloses matching of acceptable investors (e.g., underwriting members) based on risk posed by the investors/underwriting members (col. 3, line 20 through col. 5, line 21).

Evaluation may be performed based on a collateral status of at least one investor/underwriting member (col. 5, line 56 through col. 6, line 4; col. 10, lines 1-18). As stated by King, "The invention imposes an improved capital structure which provides maximum assurance of the insurer-entity's ability to fully and completely satisfy its obligations. In the present embodiment, its continued existence, various restrictions, and oversight are protected by a specially enacted body of legislation which limits or prevents the ability of general creditors to reach or attach reserved assets of the entity and make more difficult action by general creditors to cause the entity to be liquidated." (King: col. 6, lines 5-13) Both Walker and King seek a group of investors deemed reliable enough to cover each investor's respective portion of a potential future obligation. The Examiner submits that it would have been obvious to one of ordinary skill in the relevant art at the time of Applicant's invention to modify Walker wherein the rules include at least one requirement regarding collateral status of at least one of the members of the pool (as disclosed by King) in order to help ensure that the members of Walker's syndicate will indeed be able to fulfill any potential financial obligations as a whole (as suggested by King).

[Claim 37] Walker does not explicitly disclose wherein the rules include at least one requirement regarding revenue of at least one of the members of the pool. King discloses matching of acceptable investors (e.g., underwriting members) based on risk posed by the investors/underwriting members (col. 3, line 20 through col. 5, line 21). Evaluation may be performed based on revenue of at least one investor/underwriting member (col. 5, line 56 through col. 6, line 4; col. 10, lines 1-18). As stated by King,

"The invention imposes an improved capital structure which provides maximum assurance of the insurer-entity's ability to fully and completely satisfy its obligations. In the present embodiment, its continued existence, various restrictions, and oversight are protected by a specially enacted body of legislation which limits or prevents the ability of general creditors to reach or attach reserved assets of the entity and make more difficult action by general creditors to cause the entity to be liquidated." (King: col. 6, lines 5-13)

Both Walker and King seek a group of investors deemed reliable enough to cover each investor's respective portion of a potential future obligation. The Examiner submits that it would have been obvious to one of ordinary skill in the relevant art at the time of Applicant's invention to modify Walker wherein the rules include at least one requirement regarding revenue of at least one of the members of the pool (as disclosed by King) in order to help ensure that the members of Walker's syndicate will indeed be able to fulfill any potential financial obligations as a whole (as suggested by King).

[Claim 38] Walker does not explicitly disclose wherein the rules include at least one requirement regarding profit of at least one of the members of the pool. King discloses matching of acceptable investors (e.g., underwriting members) based on risk posed by the investors/underwriting members (col. 3, line 20 through col. 5, line 21). Evaluation may be performed based on profit of at least one investor/underwriting member (col. 8, lines 1-6). As stated by King, "The invention imposes an improved capital structure which provides maximum assurance of the insurer-entity's ability to fully and completely satisfy its obligations. In the present embodiment, its continued existence, various restrictions, and oversight are protected by a specially enacted body of legislation which



limits or prevents the ability of general creditors to reach or attach reserved assets of the entity and make more difficult action by general creditors to cause the entity to be liquidated." (King: col. 6, lines 5-13) Both Walker and King seek a group of investors deemed reliable enough to cover each investor's respective portion of a potential future obligation. The Examiner submits that it would have been obvious to one of ordinary skill in the relevant art at the time of Applicant's invention to modify Walker wherein the rules include at least one requirement regarding profit of at least one of the members of the pool (as disclosed by King) in order to help ensure that the members of Walker's syndicate will indeed be able to fulfill any potential financial obligations as a whole (as suggested by King).

[Claim 39] Walker does not explicitly disclose wherein the rules include at least one diversification requirement. King discloses matching of acceptable investors (e.g., underwriting members) based on risk posed by the investors/underwriting members (col. 3, line 20 through col. 5, line 21). Evaluation may be performed based on a diversification requirement (col. 10, lines 42-49). As stated by King, "The invention imposes an improved capital structure which provides maximum assurance of the insurer-entity's ability to fully and completely satisfy its obligations. In the present embodiment, its continued existence, various restrictions, and oversight are protected by a specially enacted body of legislation which limits or prevents the ability of general creditors to reach or attach reserved assets of the entity and make more difficult action by general creditors to cause the entity to be liquidated." (King: col. 6, lines 5-13) Both Walker and King seek a group of investors deemed reliable enough to cover each

investor's respective portion of a potential future obligation. The Examiner submits that it would have been obvious to one of ordinary skill in the relevant art at the time of Applicant's invention to modify Walker wherein the rules include at least one diversification requirement (as disclosed by King) in order to help ensure that the members of Walker's syndicate will indeed be able to fulfill any potential financial obligations as a whole (as suggested by King), while serving to alleviate risk for the participants in the syndicate as well as those who might receive a payout from a guaranteed monetary obligation.

[Claim 43] Walker does not explicitly disclose wherein the at least one diversification requirement comprises a requirement of a reduction in diversifiable risk. King discloses matching of acceptable investors (e.g., underwriting members) based on risk posed by the investors/underwriting members (col. 3, line 20 through col. 5, line 21). Evaluation may be performed based on a diversification requirement (col. 10, lines 42-49) and diversification itself is known to help mitigate risk. As stated by King, "The invention imposes an improved capital structure which provides maximum assurance of the insurer-entity's ability to fully and completely satisfy its obligations. In the present embodiment, its continued existence, various restrictions, and oversight are protected by a specially enacted body of legislation which limits or prevents the ability of general creditors to reach or attach reserved assets of the entity and make more difficult action by general creditors to cause the entity to be liquidated." (King: col. 6, lines 5-13) Both Walker and King seek a group of investors deemed reliable enough to cover each investor's respective portion of a potential future obligation. The Examiner submits that

it would have been obvious to one of ordinary skill in the relevant art at the time of Applicant's invention to modify Walker wherein the at least one diversification requirement comprises a requirement of a reduction in diversifiable risk in order to help ensure that the members of Walker's syndicate will indeed be able to fulfill any potential financial obligations as a whole (as suggested by King), while serving to alleviate risk for the participants in the syndicate as well as those who might receive a payout from a guaranteed monetary obligation.

[Claim 48] Walker does not explicitly disclose wherein the rules include a diversification formula. King discloses matching of acceptable investors (e.g., underwriting members) based on risk posed by the investors/underwriting members (col. 3, line 20 through col. 5, line 21). Evaluation may be performed based on a diversification requirement (col. 10, lines 42-49) and diversification itself is known to help mitigate risk. Additionally, King refers to investors accepting "a specific risk or a diversification of risk" (col. 3, lines 12-17). Accepting a specific level of diversification implies some sort of mix of risk (e.g., a specific ratio of risk among various risk-contributing elements). Broadly speaking, modeling this diversification would suggest use of a type of formula. Investors may also accept risk based on returns related to the risk (col. 4, lines 58-65), which would also suggest use of calculations (or a formula). As stated by King, "The invention imposes an improved capital structure which provides maximum assurance of the insurer-entity's ability to fully and completely satisfy its obligations. In the present embodiment, its continued existence, various restrictions, and oversight are protected by a specially enacted body of legislation which limits or

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prevents the ability of general creditors to reach or attach reserved assets of the entity and make more difficult action by general creditors to cause the entity to be liquidated."

(King: col. 6, lines 5-13) Both Walker and King seek a group of investors deemed reliable enough to cover each investor's respective portion of a potential future obligation. The Examiner submits that it would have been obvious to one of ordinary skill in the relevant art at the time of Applicant's invention to modify Walker wherein the rules include a diversification formula in order to help ensure that the members of Walker's syndicate will indeed be able to fulfill any potential financial obligations as a whole (as suggested by King), while serving to make an acceptable level of risk more palatable for the participants in the syndicate as well as those who might receive a payout from a guaranteed monetary obligation.

[Claim 52] Walker does not explicitly disclose wherein the rules include a goal regarding value creation. King discloses matching of acceptable investors (e.g., underwriting members) based on risk posed by the investors/underwriting members (col. 3, line 20 through col. 5, line 21). Evaluation may be performed based on a diversification requirement (col. 10, lines 42-49) and diversification itself is known to help mitigate risk. Additionally, King refers to investors accepting "a specific risk or a diversification of risk" (col. 3, lines 12-17). Accepting a specific level of diversification implies some sort of mix of risk (e.g., a specific ratio of risk among various risk-contributing elements). Investors may also accept risk based on returns related to the risk (col. 4, lines 58-65). Creating an optimal pool of investors creates value within the pool. As stated by King, "The invention imposes an improved capital structure which

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provides maximum assurance of the insurer-entity's ability to fully and completely satisfy its obligations. In the present embodiment, its continued existence, various restrictions, and oversight are protected by a specially enacted body of legislation which limits or prevents the ability of general creditors to reach or attach reserved assets of the entity and make more difficult action by general creditors to cause the entity to be liquidated."

(King: col. 6, lines 5-13) Both Walker and King seek a group of investors deemed reliable enough to cover each investor's respective portion of a potential future obligation. The Examiner submits that it would have been obvious to one of ordinary skill in the relevant art at the time of Applicant's invention to modify Walker wherein the rules include a goal regarding value creation in order to help ensure that the members of Walker's syndicate will indeed be able to fulfill any potential financial obligations as a whole (as suggested by King), while serving to make an acceptable level of risk more palatable for the participants in the syndicate as well as those who might receive a payout from a guaranteed monetary obligation.

[Claims 116-119, 123, 128, 132] Claims 116-119, 123, 128, and 132 recite limitations already addressed by the rejections of claims 1-5, 35-43, 48, 52, 57-65, 70-80, and 162 above; therefore, the same rejections apply.

Furthermore, Walker discloses a processor, input device, output device, and memory (Figs. 1, 2, 4, 7).

6. Claims 51 and 131 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al. (U.S. Patent No. 6,119,093) in view of McCord et al. ("Partnerships: If There's a Beginning...There's an End." *The National Public Accountant*, vol. 37, no. 4, page 18, April 1992") in view of King et al. (U.S. Patent No. 5,704,045), as applied to claims 1, 48, 81, and 128 above, and further in view of Kale et al. (U.S. Patent No. 7,050,998).

[Claims 51, 131] Walker does not explicitly disclose wherein the diversification formula includes a covariance of returns formula. King discloses matching of acceptable investors (e.g., underwriting members) based on risk posed by the investors/underwriting members (col. 3, line 20 through col. 5, line 21). Evaluation may be performed based on a diversification requirement (col. 10, lines 42-49) and diversification itself is known to help mitigate risk. Additionally, King refers to investors accepting "a specific risk or a diversification of risk" (col. 3, lines 12-17). Accepting a specific level of diversification implies some sort of mix of risk (e.g., a specific ratio of risk among various risk-contributing elements). Broadly speaking, modeling this diversification would suggest use of a type of formula. Investors may also accept risk based on returns related to the risk (col. 4, lines 58-65), which would also suggest use of calculations (or a formula). As stated by King, "The invention imposes an improved capital structure which provides maximum assurance of the insurer-entity's ability to fully and completely satisfy its obligations. In the present embodiment, its continued existence, various restrictions, and oversight are protected by a specially enacted body of legislation which limits or prevents the ability of general creditors to reach or attach

reserved assets of the entity and make more difficult action by general creditors to cause the entity to be liquidated." (King: col. 6, lines 5-13) Still, King does not explicitly disclose a specific diversification formula that includes a covariance of returns formula. Kale discloses that investment returns may be modeled as distributions based on a covariance matrix (col. 1, lines 30-55). This formula is old and well-known in the investment art and would thus yield expected results when applied to investment scenarios. Both Walker and King seek a group of investors deemed reliable enough to cover each investor's respective portion of a potential future obligation. The Examiner submits that it would have been obvious to one of ordinary skill in the relevant art at the time of Applicant's invention to modify Walker wherein the diversification formula includes a covariance of returns formula in order to help ensure that the members of Walker's syndicate will indeed be able to fulfill any potential financial obligations as a whole (as suggested by King), while serving to make an acceptable level of risk more palatable for the participants in the syndicate as well as those who might receive a payout from a guaranteed monetary obligation. This formula is old and well-known in the investment art and would thus yield expected results when applied to investment scenarios.

Furthermore (regarding claim 131), Walker discloses a processor, input device, output device, and memory (Figs. 1, 2, 4, 7).

***Conclusion***

7. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Susanna M. Diaz whose telephone number is (571) 272-6733. The examiner can normally be reached on Monday-Friday, 8 am - 4:30 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on (571) 272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.



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/Susanna M. Diaz/  
Primary Examiner, Art Unit 3684